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FISCAL IMPACT STATEMENT

LS 6914

BILL NUMBER: HB 1663

NOTE PREPARED: Jan 3, 2009

BILL AMENDED:

SUBJECT: Johnson County Innkeepers' Tax.

FIRST AUTHOR: Rep. Burton

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill authorizes the county council of Johnson County to impose an innkeepers' tax at a rate not to exceed 7%. The bill provides that the tax revenue from 3.5% of the rate is dedicated to visitor and tourism promotion and the remainder, if any, is dedicated to parks and recreation. The bill provides that if a pledge of innkeepers' tax revenue has been made for bonds or leases, the tax revenue from 3.5% of the rate must be used for improving Johnson County Park.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of State Revenue (DOR)*- If the county elects for the innkeepers' tax to be collected in the same manner as the state Sales Tax, the DOR will process additional local revenue as a result. DOR administers, audits, and collects local taxes at approximately \$0.54 per \$100 of revenue. DOR could process the proposed tax within their existing level of resources.

State Board of Accounts (SBA)- The SBA would be required to supervise and possibly audit the "Board of Managers" (See *Explanation of Local Expenditures*) as with any other local entity the SBA examines. The SBA would be able to carry out this provision within their existing level of resources.

Explanation of State Revenues:

Explanation of Local Expenditures: *Board of Managers*- The bill would establish a seven-member board of managers to promote the development and growth of the convention and tourism industry in the county. Members would not receive a salary for their service; however, a member would be allowed reimbursement for necessary expenses incurred in the line of duty. The Johnson County Circuit Court Clerk would file a

certificate of appointment whenever a new member is appointed to the Board. This provision would have an unknown effect on local expenditures, but presumably would be covered from the proceeds of the innkeepers' tax earmarked for visitor and tourism promotion.

Explanation of Local Revenues: *Johnson County Innkeepers' Tax*- The bill allows the establishment of the tax at a rate no greater than 7%. The following table exhibits the potential estimated revenue from the tax at various rates.

Estimated Revenue at Various Rates.

CY	1%	2%	3%	4%	5%	6%	7%
2009*	\$43,100	\$86,300	\$129,400	\$172,500	\$215,650	\$258,800	\$301,900
2010	\$105,900	\$211,800	\$317,700	\$423,600	\$529,500	\$635,400	\$741,200
2011	\$111,300	\$222,600	\$333,900	\$445,200	\$556,500	\$667,800	\$779,000
*Based on an effective date, assumed to be in May, there would be approximately five months of collections in CY 2009.							

Methodology: The U.S. Census Bureau reported hotel room transactions in Johnson County at \$8.4 M in 2002. Sales Tax actual and Indiana Revenue Technical Committee growth forecast rates are used to reach the estimated revenue at the various rates above in CY 2009. The 2009 estimates are then adjusted to account for the time lag to implement and collect the tax.

State Agencies Affected: DOR; SBA.

Local Agencies Affected: Johnson County.

Information Sources: U.S. Bureau of Census; December 18, 2008, *State Revenue Forecast*.

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